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No. 12,953

United States Court of Appeals  
For the Ninth Circuit

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NANCY ANN STORYBOOK DOLLS, INC.  
(a corporation),

*Appellant,*

vs.

DOLLCRAFT COMPANY, a corporation;  
LESTER F. HINZ and ROBERT E. KERR,  
*Appellees.*

BRIEF FOR APPELLANT.

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vs.

DOLLCRAFT COMPANY, a corporation;

LESTER F. HINZ and ROBERT E. KERR,

*Appellees.*

---

**BRIEF FOR APPELLANT.**

---

**JURISDICTION.**

This is an appeal from the judgment of the United States District Court, Northern District of California, Southern Division, on an action involving the validity and infringement of a number of trade-marks registered by the Commissioner of Patents under the provisions of the Trade-Mark Act of February 20, 1905, U.S.C. Title 15.

The action was initiated by appellant seeking a declaratory judgment under the provisions of U.S.C. Title 28, Section 2201.

The issues of validity and infringement arose under the trade-mark laws of the United States, U.S.C. Title 15, Chapter 22. Original jurisdiction is conferred upon the United States District Court, and appellate

jurisdiction upon the United States Court of Appeals, by U.S.C. Title 15, Section 1121.

Jurisdiction is alleged in appellees' complaint, Section III (R. 4); and in appellant's answer, Section 3 (R. 56), and in its counterclaim, Section V (R. 64).

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### STATEMENT OF CASE.

Appellant manufactures and sells dressed dolls and is the owner of numerous trade-marks which it applies to its doll products and which are duly registered in the United States Patent Office, including the following trade-marks herein involved:

- "Red Riding Hood"  
Registration No. 420,007, March 26, 1946
- "Little Miss Muffett"  
Registration No. 432,208, August 26, 1947
- "Little Bo-Peep"  
Registration No. 395,454, May 26, 1942
- "Mistress Mary"  
Registration No. 404,576, December 7, 1943
- "Little Miss Donnett"  
Registration No. 404,586, December 7, 1943
- "Curly Locks"  
Registration No. 404,581, December 7, 1943
- "Goldilocks"  
Registration No. 395,451, May 26, 1942
- "June Girl"  
Registration No. 403,261, September 14, 1943
- "Storybook"  
Registration No. 389,114, July 22, 1941
- "Story"  
Registration No. 525,896, June 6, 1950
- "Fairyland"  
Registration No. 438,495, April 27, 1948
- "Sugar and Spice"  
Registration No. 403,240, September 14, 1943



Appellee Robert E. Kerr was formerly an employee of appellant, and appellee Lester F. Hinz manufactured and supplied to appellant, on appellant's specification, doll bodies which appellant decorated and dressed in the manufacture of its doll products.

Appellee Dollcraft Company is dominated by appellees Kerr and Hinz; and is engaged in the manufacture of dressed dolls of a generally similar and competing type.

Appellees have applied to various doll products manufactured and sold by them trade-marks identical with those previously adopted, used and registered by appellant, including those above listed.

As owner and registrant of the above listed trade-marks, appellant notified appellee Dollcraft Company, and various of its customers, of its and their infringement of appellant's trade-mark rights.

Thereupon, appellee Dollcraft Company immediately filed its complaint (R. 3-17) seeking to restrain appellant from the enforcement of its trade-mark rights; and asking the trial Court to declare appellant's listed registrations invalid.

Appellant duly filed its counterclaim alleging infringement by appellees of its registered trade-marks; and also alleging unfair competition with respect thereto.

Appellees Kerr and Hinz were joined as counter-defendants because of their previous association with appellant's organization, and because of their knowledge of its trade-mark rights. Their subsequent

motion to dismiss the counterclaim, as to them, was denied. (R. 78.)

The trial Court (R. 126) held valid and infringed appellant's trade-marks "Sugar and Spice", Registration No. 403,240, and "Fairyland", Registration No. 438,495; and directed that a writ of injunction be issued restraining appellees from further infringing said marks. From that judgment, appellees have not appealed.

As to the other trade-marks in issue, namely:

"Red Riding Hood"

Registration No. 420,007, March 26, 1946

"Little Miss Muffett"

Registration No. 432,208, August 26, 1947

"Little Bo-Peep"

Registration No. 395,454, May 26, 1942

"Mistress Mary"

Registration No. 404,576, December 7, 1943

"Little Miss Donnett"

Registration No. 404,586, December 7, 1943

"Curly Locks"

Registration No. 404,581, December 7, 1943

"Goldilocks"

Registration No. 395,451, May 26, 1942

"June Girl"

Registration No. 403,261, September 14, 1943

"Storybook"

Registration No. 389,114, July 22, 1941

"Story"

Registration No. 525,896, June 6, 1950

the trial Court held (R. 126) the registrations invalid and directed that the same be cancelled. The Court further held, in substance, that appellees had not infringed any trade-mark rights of appellant in those trade-marks; and ordered (R. 127) that appellant be

restrained from interfering with the use of said marks by appellees. From that portion of the judgment appellant has appealed.

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### THE ISSUES.

The principal issues here involved are:

(a) Were appellant's trade-marks: "Red Riding Hood," "Little Miss Muffett," "Little Bo-Peep," "Mistress Mary," "Little Miss Donnett," "Curly Locks," "Goldilocks," "June Girl," "Storybook," and "Story," validly granted?

(b) If validly granted, have those trade-marks been infringed by appellees, or any of them?

(c) Regardless of validity, has appellees' use of appellant's trade-marks, upon goods of the same character, constituted unfair competition with appellant?

These and other issues are included in the concise statement of defendant-appellant's points on appeal pursuant to F. R. C. P. 75(d) (R. 452-6), which are:

1. The United States District Court erred in holding invalid and in ordering the cancellation of appellant's registration of the trade-marks:

No. 389114—"Storybook"

No. 395451—"Goldilocks"

No. 395454—"Little Bo-Peep"

No. 403261—"June Girl"

No. 404576—"Mistress Mary"

No. 404581—"Curly Locks"

No. 404586—"Little Miss Donnett"

No. 420077—"Red Riding Hood"

No. 432208—"Little Miss Muffett"

No. 525896—"Story"

2. The United States District Court erred in holding that appellant's trade-marks listed under numbered Paragraph 1 above were not validly registered by the United States Patent Office.

3. The United States District Court erred in failing to hold that the trade-marks designated under numbered Paragraph 1 above were validly registered by the United States Patent Office.

4. The United States District Court erred in failing to hold that the trade-marks designated under numbered Paragraph 1 above have been infringed by appellees and each of them.

5. The United States District Court erred in failing to rule that the individual defendants Lester E. Hinz and Robert E. Kerr are jointly and severally liable for infringement of appellant's trade-mark rights in the registered trade-marks involved in the above-designated action.

6. The United States District Court erred in failing to award to appellant-counter-complainant damages, costs, expenses and attorney fees in the above entitled action.

7. The United States District Court erred in awarding to appellee its costs and expenses in the above entitled action.

8. The United States District Court erred in failing to rule that each and all of appellant's trade-marks involved in the above entitled action are valid, and that the same have been infringed by defendants; and in failing to award to appellant: damages for past infringement; an injunction restraining future infringement of those marks held invalid; and its costs, expenses and attorney fees in the proceedings.

Appellant relies upon each and all of the points listed.

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#### **SUMMARY OF ARGUMENT.**

Appellant's position upon the foregoing issues may be briefly summarized as follows:

Appellant for many years has used upon its goods the trade-marks herein involved. The marks have been duly and validly registered by the Commissioner of Patents under the trade-mark statutes of the United States. Each of the registrations carries a strong presumption of validity which appellee has wholly failed to overcome.

Moreover, by reason of long and exclusive use by appellant upon its doll products, the trade-marks here involved have acquired a distinctive secondary meaning, identifying the goods upon which they variously appear as goods produced and sold by appellant.

Appellees' use of identical marks upon competitive goods of the same character constitutes infringement of appellant's statutory rights in its several trade-

marks; and additionally involves unfair competition with respect to rights vested in appellant by reason of its long and exclusive use of its trade-marks throughout the United States and in export trade.

Appellees' use of appellant's trade-marks was begun with full knowledge of appellant's use and registration of its trade-marks and was a deliberate effort to pirate the property of appellant, and to prey upon the good will established by appellant in connection therewith. Appellees' action to have appellant's trade-mark registrations declared invalid is a studied effort to destroy appellant's property rights and to unlawfully appropriate trade-marks acquired, owned and registered by appellant.

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## ARGUMENT.

### (a) INTRODUCTION.

The normal position of the parties as plaintiffs and defendants has been reversed in this case by reason of the fact that the action was brought by Dolleraft Co., asking a declaratory judgment under Title 28 U.S.C. Sec. 2201.

Actually the case involves primarily a simple claim for infringement of trade-marks and for unfair competition, asserted by Nancy Ann Storybook Dolls, Inc., and the ordinary defenses of invalidity and non-infringement interposed by Dolleraft Co. and the individual counter defendants Robert E. Kerr and Lester F. Hinz. In simple language, appellant Nancy Ann Storybook Dolls, Inc., has charged in-

fringement of its trade-mark rights. Dollcraft Co., and the individual appellees Hinz and Kerr, assert that the Nancy Ann trade-marks here involved are not valid and cannot function as true trade-marks.

Because Dollcraft Co. assumed the position of plaintiff, the case takes on the additional aspect of a deliberately planned attack upon valuable trade-mark rights of Nancy Ann Storybook Dolls, Inc. While only a few trade-mark registrations are actually attacked in the present action, the principles involved extend not only to many more of the trade-mark registrations of Nancy Ann Storybook Dolls, Inc., but to countless registrations and long established trade-mark rights of other manufacturers not only of dolls, but of numerous other lines of manufacture. If Dollcraft Co. is permitted to succeed in this vicious attack, it will indirectly affect a large percentage of the trade-marks heretofore registered by the patent office under the trade-mark statutes in many lines of business.

Appellees have heretofore grounded their case, both in attack and in defense, upon the premise that the Nancy Ann organization has acquired its trade-marks by some improper or unlawful means. That premise is wholly unsupported by the facts, the law, and the equities of the case. In fact it will be demonstrated that appellees' position from the start has been a sham and a pretense; and that, by their own acts, appellees are estopped to deny the validity of the valued trade-marks of the Nancy Ann organization.

**(b) THE TRADE-MARKS HAVE BEEN VALIDLY REGISTERED.**

The trade-marks of Nancy Ann Storybook Dolls, Inc. herein involved were duly and properly registered by the Patent Office under the provisions of the trade-mark Act of February 20, 1905. Under the Act, the Patent Office is the administrative department to which has been given the duty to consider and pass upon all applications for registration of trade-marks which may be submitted to it.

“U. S. C., title 15, sec. 81.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the owner of a trade-mark used in commerce with foreign nations, or among the several States, or with Indian tribes, provided such owner shall be domiciled within the territory of the United States, or resides in or is located in any foreign country, which, by treaty, convention, or law, affords similar privileges to the citizens of the United States, may obtain registration for such trade-mark by complying with the following requirements: First, by filing in the Patent Office an application therefor, in writing, addressed to the Commissioner of Patents, \* \* \*”

Each application for registration of trade-mark is subjected to the scrutiny of experts who are specially trained and qualified to pass upon the question of registerability. Each and all of the technical and statutory bars, such as descriptiveness, misdescriptiveness and geographic significance, as provided by Sec. 5 of the Act, are considered; and a thorough



search of prior registrations is made to determine whether or not the mark or one confusingly similar to it has been registered for goods of the same descriptive properties.

When and if the Patent Office Examiner determines that a trade-mark *is* registerable, the mark is published in the Official Gazette of the U. S. Patent Office. During a period of 30 days immediately following the publication anyone may oppose the registration. In that regard the Act of February 20, 1905 provides:

“Sec. 6, U. S. C., title 15, sec. 86. That on the filing of an application for registration of a trade-mark which complies with the requirements of this act, and the payment of the fees herein provided for, the Commissioner of Patents shall cause an examination thereof to be made; and if on such examination it shall appear that the applicant is entitled to have his trade-mark registered under the provisions of this act, the commissioner shall cause the mark to be published at least once in the Official Gazette of the Patent Office. Any person who believes he would be damaged by the registration of a mark may oppose the same by filing notice of opposition, stating the grounds therefor, in the Patent Office within thirty days after the publication of the mark sought to be registered, which said notice of opposition shall be verified by the person filing the same before one of the officers men-

tioned in section two of this act. An opposition may be filed by a duly authorized attorney, but such opposi-

As amended by act of March 2, 1907.

tion shall be null and void unless verified by the opposer within a reasonable time after such filing. If no notice of opposition is filed within said time, the commissioner shall issue a certificate of registration therefor, as hereinafter provided for. If one examination an application is refused, the commissioner shall notify the applicant, giving him his reasons therefor."

If no opposition is filed, the trade-mark is officially registered, and a certificate of registration is issued. When so registered the registration carries a strong presumption of validity, as the considered act of an administrative agency of our government. Any one attacking the validity of such a registration assumes a heavy burden of proof. For example, it has been held:

"Registration of a trade mark by the Patent Office gives rise to a presumption of validity. *Chapin-Sacks Mfg. Co. v. Hendler Creamery Co.*, 254 Fed. 550. While claiming validity for 447, defendant, with an abundance of caution contends 'Windbreaker' is generic and not subject to registration. Obviously this contention is directed at plaintiff's claim for damages. If defendant were seriously opposing registration by the Patent Office in the case at bar a large part of the record would not have been devoted to defendant's case tending to establish validity of the same mark for its own purposes. Hence I hold that defendant has not carried the burden required of it to overcome the presumption of validity." *John Rissman & Son v. Gordon & Ferguson, Inc.*, 78 U.S.P.Q. 322, D. C. Minn., March 12, 1948, Judge Donovan.

In this circuit it has been held:

“Where one claims ownership of a mark as against one who has registered the mark, the burden of proof is upon such claimant, in this case the plaintiff (Walter Baker & Co. v. Delapenha, 160 F. 747)” *Western Stove Company, Inc. v. Geo. V. Roper Corporation, et al.*, 80 U.S.P.Q. 393, D. C. Calif., January 24, 1949, Judge O'Connor.

To the same effect, see also:

*Hemmeter Cigar Co. v. Congress Cigar Co., Inc.*, 118 F. (2d) 64, 49 U.S.P.Q. 122, 31 T. M. Rep. 182 (C.C.A. 6th Cir., 1941), holding that the registration of a trade-mark under the Act of 1905 is a recognition of its validity by the Patent Office and raises a presumption of validity;

*House of Westmore, Inc. v. Denney*, 151 F. (2d) 261, 66 U.S.P.Q. 373, 35 T. M. Rep. 318 (C.C.A. 3d Cir., 1945), holding that registration under the Act of 1905 is prima facie evidence of ownership of the trade-mark and enlarges the remedies available without registration;

*Feil v. American Serum Co.*, 16 F. (2d) 88 (U.S.C.C.A. 8th Cir., 1926);

*Weiner et al. v. National Tinsel Mfg. Co.*, 35 F.S. 771, 48 U.S.P.Q. 321, 31 T. M. Rep. 105 (D. C. Wis., 1940);

*Barbasol Co v. Jacobs*, 72 U.S.P.Q. 350 (C.C.A. 7, 1947);

*Cridlebaugh v. Montgomery Ward & Co., Inc.*,  
72 U.S.P.Q. 135 (C.C.P.A., 1947);

*In re St. Paul Hydraulic Hoist Co.*, 83 U.S.  
P.Q. 315 (C.C.P.A., 1949);

*Permatex Corp. v. Detrex Corp.*, 81 U.S.P.Q.  
257 (Com'r. Pats. 1949);

*Lace Net Importing Co. Inc. v. Bondir*, 81  
U.S.P.Q. 546 (Com'r. Pats. 1949).

In the present case, each of the registrations in issue has successfully passed the scrutiny of the patent office; and has been duly registered. In only one instance ("Little Miss Muffet" Reg. No. 432.208) was an opposition filed. In that case the opposition was dismissed on the grounds that the goods of the respective parties were not of the same descriptive properties. Each of appellant's registrations carries the usual presumption of validity. No evidence has been presented to overcome that presumption.

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(c) **THE NANCY ANN TRADE-MARKS ARE NOT DESCRIPTIVE.**

Several of the Nancy Ann trade-marks here involved have been selected from the field of nursery rhymes, fairy tales, storybooks and related sources. A number of other trade-marks owned and registered by the Nancy Ann organization, though not here involved, were derived from the same or similar sources. However, the number of marks so adopted, used and registered by the Nancy Ann organization during the past fifteen years, in all constitute only

an *infinitesimal part* of the limitless field of fanciful and fictitious characters from which such names and trade-marks may properly be selected for trade-mark use. Each was adopted in the utmost good faith; and appellant's rights have been long accepted and recognized in the trade.

The practice of adopting and registering such names as trade-marks for dolls and/or other products is in strict accordance with the law and the long established policy of the Patent Office. The Nancy Ann organization is not the first or the only manufacturer of dolls who has registered such trade-marks.

For example "Little Miss Muffett" was previously registered May 4, 1920, No. 130,857 by Pacific Novelty Company of New York as a trade-mark for Dolls. That company went out of business and the mark became abandoned. The Nancy Ann adoption and appellant's registration followed the abandonment of the mark by another; and registration was not effected until after the Pacific Novelty Co. registration expired.

A similar situation exists with respect to "Red Riding Hood". The mark "Little Red Riding Hood" was previously registered by Jeanette Doll Co. Inc. of New York, N. Y., No. 186,118, dated July 1, 1924, for Dolls. In this instance, Jeanette Doll Co. went out of business and abandoned the mark "Little Red Riding Hood". Upon an appropriate showing of those facts, the Patent Office

granted the Nancy Ann registration No. 420,077, for "Red Riding Hood", here involved.

As to "Little Miss Muffett" and "Little Red Riding Hood" the patent office officially determined back in 1920 and 1924 respectively that the marks *are registerable*; and that finding was reaffirmed when the Nancy Ann registrations *No. 432,208* and *No. 420,077* were granted. The adoption and registration by the Nancy Ann organization of these trade-marks, previously abandoned by others, is entirely proper and lawful, and is in accord with common practice.

Marks of comparable character have been registered by others for years; and such registrations are being granted by the Patent Office consistently at the present time. The following are illustrative:

<u>Mark</u>	<u>Number</u>	<u>Date</u>	<u>Registered</u>
Alice in Wonderland	304,488	July 11, 1933	Alexander Doll Co.
Lilliputian Bazaar	232,557	Sept. 13, 1927	Best & Co., Inc.
Dottie Dimples	422,827	Aug. 13, 1946	Hollywood Doll Co.
Miss Teeter- Totter	422,832	Aug. 13, 1946	Hollywood Doll Co.
Punchinello	425,857	Dec. 3, 1946	Hollywood Doll Co.
Fantasy Children by Sturgeon	441,998	Feb. 8, 1949	Blanche M. Sturgeon
Sherry-Ann	443,672	Jan. 10, 1950	International Doll Co.
Peg O' My Heart	519,641	Jan. 10, 1950	Kerr & Hinz Doll Co.
Babyland	520,183	Jan. 24, 1950	M. & S. Doll Co.
Betty Burp	520,240	Jan. 24, 1950	Ideal Novelty & Toy Co.
Marcie	521,415	Feb. 28, 1950	Amram Haddad
Champ	521,613	Feb. 28, 1950	Cameo Doll Products Co.
Chatterbox	523,219	Mar. 28, 1950	Sayco Doll Corp.

Copies of the above noted registrations were filed with the trial Court. The registrations are matters of official record in the patent office, of which this Court may take judicial notice. The number of such registrations cited could be multiplied many times, but would be merely cumulative.

The proviso of Section 5 of the Act of Feb. 1905 relating to descriptiveness is:

“Provided, That no mark which consists merely in the name of an individual, firm, corporation, or association not written, printed, impressed, or woven in some particular or distinctive manner, or in association with a portrait of the individual, *or merely in words or devices which are descriptive of the goods with which they are used, or of the character or quality of such goods,* or merely a geographical name or term, shall be registered under the terms of this Act:”

Obviously the Patent Office Examiners, experts in the field, did not regard the marks as descriptive when any of the above listed marks were registered, or when any of the Nancy Ann marks here involved were registered. Their expert opinion over a long period of time has determined the official rulings of the Patent Office, and the formal registration of trade-marks. Their opinion and findings are entitled to a high degree of respect.

“Generally speaking judicial review of administrative orders is limited to determining whether errors of law have been committed.” *Scripps-Howard Radio v. Commission*, 316 U.S. 4, 10 (1942).

“To state the matter very broadly judicial review is generally limited to the inquiry whether the administrative agency acted within the scope of its authority. The wisdom, reasonableness, or expediency of the action in the circumstances are said to be matters of administrative judgment to be determined exclusively by the agency. But the narrow inquiry into the agency’s authority to act as it did covers a wide field.” *Final Rep. Attorney General’s Committee on Administrative Procedure* (1941), page 87, C.C. H., 1511, page 1673.

“To hold that there was an invalid delegation of judicial power would be to turn back the clock on at least a half century of administrative law.” *Sunshine Coal Co. v. Adkins*, 310 U. S. 381 (1940).

“We give great weight to an administrative interpretation long and consistently followed, particularly when the Congress, presumably with that construction in mind, has reenacted the statute without change.” *Koshland v. Helvering*, 298 U. S. 441 (1936).

“Congress has entrusted the administration of the Act to the Commission, not to the Courts. Apart from the requirements of judicial review it is not for us to advise the Commission how to discharge its function.” *Power Commission v. Hope Gas Company*, 320 U. S. 591 (1944).

The marks of course have a *suggestive* significance but it has always been recognized that there is a clear distinction between marks which are objectionably “*descriptive*” and those which are merely “*sugges-*



*tive*". Marks which are merely suggestive have been uniformly accepted and registered as valid trade-marks.

It is difficult to understand how anyone can in good faith argue that any of the marks here involved are descriptive of dolls.

To be "descriptive" within the meaning of the statute so as to be barred from registration, a mark must describe either *the goods* upon which the mark is used, or the *character* or *quality* of such goods.

To be descriptive of the goods, the mark must describe the goods themselves with reference to its kind, composition, physical properties or species. For example "White Wash" for calcimine, or "Vitrified" for glazed tile.

To be descriptive of the character of the goods, the mark must identify the goods with reference to shape, or the mechanical, physical or chemical properties of the goods; as "Automatic" for self actuating mechanism, "Water Proof" for a rain coat, or "Salted" for crackers.

To be descriptive of quality, the term must identify the goods with relation to the grade or excellence of the goods, as for example "Everwear" for hosiery, or "Super Shine" for shoe polish.

None of the Nancy Ann trade-marks here involved are objectionable in any of these respects.

The courts have consistently recognized the distinction between *suggestive* marks, and those which

are *descriptive*; and have uniformly held valid those trademarks which are *suggestive* and *not* merely *descriptive*.

The following quotations from reported decisions are illustrative of the general attitude of the Courts:

“I find that defendants’ use of ‘Bonnie Lassie’ is an infringement of plaintiff’s trademark ‘Hoot Lass’ BONNIE, and that defendants by their use of the words and of the design of the Scotch dancing girl in conjunction with them have unfairly competed, notwithstanding plaintiff’s mark and design have heretofore been used on ladies’ and misses’ coats and suits, and defendants’ on sweaters.

“The trade-mark ‘Hoot Lass’ BONNIE is not descriptive of anything with which it is used, but is, in my judgment, both a distinctive and arbitrary mark. It is not descriptive of the characteristics of the goods, or of their quality or ingredients. It is a fanciful name, obviously adopted without any other thought than as being peculiarly significant and suggestive of plaintiff’s goods.” *Lou Schneider, Inc. v. Carl Gutmen & Co.*, 70 U.S.P.Q. 490 at 492.

“If the words are merely suggestive of the character of the goods or the properties which the users of the mark wish the public to attribute to them and are not merely descriptive, the mark will be good. *Reardon Laboratories v. B. & B. Exterminators*, 71 F. 2d 515, 517 (22 U.S.P.Q. 22, 23-24). See also *Holeproof Hosiery Co. v. Wallach Bros.*, 172 F. 859; *Globe-Wernicke Co. v. Brown*, 121 F. 185.” *Hygienic*

*Products Co. v. Judson Dunaway Corp.*, 81 U.S.P.Q. 16 at 22.

“At the same time, I am of the view that plaintiff’s mark is not a mere combination of descriptive words, but a combination which has enough deviation from the common use of words and parts of words to make its registration as a trade-mark valid.” *Vita-Var Corp. v. Alumaton Corp.*, 81 U.S.P.Q. 330 at 331.

“One of defendants’ contentions here is that plaintiff’s trade-mark is invalid. But as a name for a magazine catering to girls from 13 to 18 years of age, we agree with the trial court that ‘Seventeen’ is a fanciful or suggestive term rather than a commercially descriptive one. Its value in its registered use would seem to lie in its symbolic appeal and not in any indication of particular product. Cf. *San Francisco Ass’n. for the Blind v. Industrial Aid for the Blind*, 8 Cir., 152 F. 2d 532, 533, 534 (68 U.S.P.Q. 59, 60). It can hardly be said, within the language of the Trade Mark Act of 1905, as amended, to be ‘merely \* \* \* descriptive of the goods with which they are used, or of the character or quality of such goods’”. *Hanson v. Triangle Publications, Inc.*, 74 U.S.P.Q. 280 at 281-2.

“It is true that the trade-mark ‘Blind-Craft’ suggests that an article so marked was made by blind workers. The term ‘Blindcraft’, however, is not specifically descriptive of any of the goods produced by the plaintiff or by the defendant, or of the character or quality of such goods. The label ‘Blindcraft’ upon a broom does not describe the broom. With respect to it, the mark is a fanciful, nondescriptive term.” *San Fran-*

*cisco Association v. Industrial Aid for Blind, Inc.*, 68 U.S.P.Q. 59 at 60.

“Defendant’s first contention is that plaintiff does not have a valid trade-mark in the word ‘Swooner’ for the sale of bobby socks and other feminine wearing apparel. By the terms of section 14201, Business and Professions Code, ‘A trade-mark may not consist of a designation \* \* \* that relates only to \* \* \* (b) The quality of the thing marked.’ Defendant contends that under this code provision plaintiff does not have a valid trade-mark in the designation ‘Swooner’ because such designation describes the class of trade for whom the goods are intended and therefore indicates the quality of the merchandise. There is no merit in this contention. The word ‘Swooner’ does not relate to the character or quality of the merchandise. It certainly does not indicate the type or grade of material from which a garment is made, nor does it describe the weave, pattern, form, color, length or size of a bobby sock or other feminine wearing apparel. The designation is more suggestive of style than quality.” *Cole of California, Inc. v. Grayson Shops, Inc.*, 68 U.S.P.Q. 337 at 339.

“Plaintiff has a mark which is arbitrary and not generic or descriptive of the class of goods to which applied and consequently acceptable as a valid trade-mark. While not descriptive, the mark is in a sense suggestive of the products, the producer of which it identifies.” *Trunz, Inc. v. Farmer Boy Corp. & Equipment Co., Inc.*, 78 U.S.P.Q. 31 at 33.

In asserting that the trade-mark registrations of Nancy Ann Storybook Dolls, Inc. are invalid, ap-

pellees have relied primarily upon dicta which counsel, in argument, has repeatedly quoted from the decisions of the Examiner of Interferences and the Assistant Commissioner of Patents in the case of *Nancy Ann Dressed Dolls* (Nancy Ann Storybook Dolls, Inc., assignee, substituted) *v. Ippolito*, 77 U.S.P.Q. 545. That case involves the trade-mark "Nursery Rhymes". The reliance by appellees upon those decisions is futile for the reason that the validity of an opposer's trade-mark registrations *cannot be attacked or passed upon* in the course of an opposition proceeding.

"(3) This raises an interesting situation in that the question of the validity of the registrations has been brought into this opposition proceeding and it is too well established to require the citation of authorities that the validity of an opposer's registration may not be questioned in an opposition proceeding." *de Botelho v. Babs Creations, Inc.*, 67 U.S.P.Q. 306 at 307.

"With reference to appellant's contention that appellee's mark is merely descriptive and, therefore, the latter may not intervene since the mark relied upon by it is not a mark 'owned and in use' as provided for in section 5 of the Trade Mark Act of 1905, the examiner held that *the validity of appellee's registered trade mark could not be challenged in an opposition proceeding*, citing *Englander, Etc. v. Continental Distilling Co.*, 25 C.C.P.A. (Patents) 1022, 95 F. 2d 320, 37 U.S.P.Q. 264, and cases therein cited and reviewed." *Van Pelt & Brown, Inc. v. John Wyeth & Bro., Inc.*, 73 U.S.P.Q. 408 at 409.

The comments of the Examiner of Interferences in the Nursery Rhymes case, also adopted by the Assistant Commissioner in affirming the decision of the Examiner are only the personal opinions of the individuals who prepared the decisions; and are simply dicta. Since the validity of the Opposer's (Nancy Ann Storybook Dolls, Inc.) trade-marks could not be attacked in the opposition proceeding, the volunteered opinions of the Examiner of Interferences or of the Assistant Commissioner, are of no legal consequence.

Even though the volunteered opinions of the Examiner and Assistant Commissioner were entitled to consideration; the decision of the Court of Customs and Patent Appeals clearly nullifies any weight which the opinion might otherwise carry. Thus, the Court in its majority opinion states:

“While we do not consider the mark ‘Nursery Rhymes’ *descriptive* of dolls generally, we do consider it highly suggestive of a class of dolls in particular. The suggestive mark ‘Nursery Rhymes’ is generic to the specific marks registered to appellee, each of which is individually suggestive of a segment of the group of which appellant’s contested mark is suggestive. It is apodictic, in our opinion, that confusion as to the origin of the goods of the parties would follow if registration were granted to appellant. ‘Boy Blue,’ ‘Little Miss Muffett,’ ‘To Market,’ ‘Polly Put Kettle On.’ to mention just a few of the registered marks of appellee hereinbefore set out, are certain ‘Nursery Rhymes.’

Clearly then, likelihood of confusion would follow upon the registration of 'Nursery Rhymes' to appellant with consequent damage to the appellee."

The *validity* of the Nancy Ann registrations was not an issue before the Court, and could not be passed upon. As to "Nursery Rhymes" the Court expressly held that the term is *not descriptive* of dolls. Only because the term is broadly applicable to the several dolls made and sold by Nancy Ann Storybook Dolls, Inc., under its trade-marks derived from the Nursery Rhymes, was the opposition sustained.

It is of course fundamental that an appellate tribunal may affirm a lower court ruling for reasons not advanced by the lower Court. An appellate Court may disapprove the grounds upon which a case is decided, and yet affirm the Judgment of the lower Court upon other grounds. In the "Nursery Rhymes" case, the above quoted portion of the decision clearly shows that the Court of Customs and Patent Appeals *did not affirm the ruling that "Nursery Rhymes" is not registerable on the ex parte grounds of descriptiveness*. On the contrary, the majority opinion ruled that "Nursery Rhymes" is *not descriptive*; and the decision of the Assistant Commissioner sustaining the opposition, and denying registration of the "Nursery Rhymes" mark, was obviously based only upon the grounds that the term "Nursery Rhymes" was aptly applicable to the Nancy Ann Storybook Dolls, Inc. products, and hence, could not be *registered* to Ippo-

lito without likelihood of causing confusion in the minds of the public. It is only because the Nancy Ann organization had been using its trade-marks derived from the Nursery Rhymes for many years before Ippolito began use of "Nursery Rhymes" that the Court denied registration of the mark by Ippolito. Had it not been for Nancy Ann's long use of marks such as "Little Miss Muffett", "Lucy Locket", "Little Bo Peep", and other marks derived from the nursery rhymes, the Court would undoubtedly have held with Judge O'Connell, who in his dissenting opinion said:

"The generic name or descriptive word applicable to the article here in issue is the term 'doll.' The term 'Nursery Rhymes' consists of words not primarily descriptive of dolls, but, when applied to dolls, they shed light upon the characteristics of the goods in a suggestive or figurative sense which is not merely descriptive of dolls within the purview of the statute. \* \* \* The record discloses that the faces of appellee's dolls, in general, were very much alike and that the dolls of the 'Storybook Series' were alike except for costume. There is no evidence regarding the nature of the dolls sold by appellant other than the impression to be drawn from the term which he seeks to register. That term when used as a trade-mark obviously distinguishes appellant's goods from other goods of the same class sold by appellee, and under the authorities hereinbefore cited appellant was entitled to registration of his mark."



## (d) APPELLANT'S TRADE-MARKS.

While each of the Nancy Ann registrations here involved must be separately considered, they may be treated in groups.

First, is the mark "*Storybook*". In its primary sense, the term "storybook" means exactly that—a storybook. By long use it has acquired a special trade-mark significance with reference to dolls, and in that connection has come to denote doll products made by the Nancy Ann organization. The mark is purely arbitrary and distinctive. It has no *descriptive* meaning with reference to the dolls themselves, or their character or quality. The mark has been duly registered by the Patent Office, and rests soundly upon the principle which the Court of Customs and Patent Appeals, as recently as June 30, 1950, has recognized in allowing registration of "Toyland", (*Ippolito v. Nancy Ann*, Opposition No. 24,875, Appeal Docket No. 5695), and in holding that "Nursery Rhymes" is *not descriptive* of dolls in general.

The trade-mark "Storybook" for dolls, is obviously infringed by the mark "Dolls with a Story". The connotation and thought suggestion is identical. The mark could only have been adopted by appellees (counterdefendants) for the purpose of causing confusion. That it has caused confusion is clearly evidenced by the Macy advertisement, Exhibit J and the Victorine Dress Shop advertisement, Exhibit K.

The registrations "Story" No. 525,896 and "Fairyl-land" No. 436,495 clearly rest on the same sound

basis. "Story" alone has been used less extensively than "Storybook", but it has been used and duly registered; and is obviously infringed by appellees' (counterdefendants') mark "Dolls with a Story", in which "Story" is the dominant word. Fairyland is purely arbitrary. In its primary sense, it means an imaginary realm inhabited by fairies. As a trademark it has long been used to identify a considerable group of the dolls made by the Nancy Ann organization. Both marks rest upon the principle on which the Court of Customs and Patent Appeals recently allowed registration of "Toyland"; and upon which the patent office has recently granted registration of "Babyland" (Reg. No. 520,183, dated January 24, 1950) for dolls. Valid registration of Fairyland has been recognized by the trial Court. Appellants' registration of "Storybook" and "Story" are similarly valid.

Second, the marks "Red Riding Hood", "Little Miss Muffet", "Mistress Mary", "Little Miss Donnet", "Curly Locks" and "Goldilocks" are derived from nursery rhymes or story books, but obviously describe neither the dolls themselves, their character, or their quality. The names are those of imaginary characters. The dolls are merely one artist's conception of how each imaginary character might appear. By long and extensive use, the marks have become associated with the products of the Nancy Ann organization and to the public indicate that the dolls were made by the Nancy Ann organization. To order a "Little Miss Muffet" or a "Curly Locks"

would mean nothing except for the trade significance which those terms have acquired. The term "Little Miss Muffet" in itself does not indicate whether the *goods* are dolls, clothing, or cottage cheese. As to the *character* of the goods, the mark certainly does not indicate whether the goods are paper, plastic or pot metal—large or small—dressed or undressed—candy or crystal. As to quality the mark does not indicate or suggest whether the products are penny paper cut outs, or costly hand made collector's items.

By no distortion of the language of the statute can any of this group of names be brought within terms which bar registration of terms *merely* descriptive of the goods, their character or their quality.

Since appellees admit use of precisely the same marks, infringement is self evident.

As a third group, "Sugar and Spice" and "June Girl" are even more clearly arbitrary and distinctive. No where in any of the nursery rhymes, fairy-tales or storybooks is there a character "Sugar and Spice" or "June Girl". The primary meanings of the terms are wholly unrelated to dolls, and neither term suggests any ascertainable kind, character or quality of goods, outside their primary meanings. The mark "Sugar and Spice" has been held valid by the trial Court.

"June Bride" obviously invades the field of "June Girl", as all brides are of course girls, and a June girl is still a June girl, whether a bride or not. Nothing but a planned raid on the Nancy Ann trade-

marks could prompt the copying of marks so fanciful as "Sugar and Spice". "June Girl" rests upon similar principles.

The courts have consistently found marks of comparable nature valid and infringed. For example:

"Sliced Animals" has been held to be a valid mark for a game or puzzle.

*Selchow v. Baker*, 93 N. Y. 53; Cox 690 (Ct. App. N. Y., 1883);

"Cookieland" has been held descriptive of cookies.

*Loose-Wiles Biscuit Co. v. Johnson Educator Food Co.*, 343 O. G. 228, 10 F. (2d) 656 (App. D. C., 1925);

"Seventeen" is not descriptive of a magazine for young girls.

*Triangle Publications, Inc. v. Rohrlich et al.*,  
*Rosenbaum et al. v. Triangle Publications, Inc.*, 167 F. (2d) 969, 77 U.S.P.Q. 196 and 294, 38 T. M. Rep. 516 and 657. (C. C. A. 2d Cir., 1948);

"American Girl" has been held to be infringed by "American Lady".

*Wolf Bros. & Co. v. Hamilton-Brown Shoe Co.*, 165 Fed. Rep. 413, 91 C. C. A. 363;  
*Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U. S. 251, 60 L. Ed.

"Chatterbox" has been held to be infringed by "Chatterbook".

*Estes v. Leslie*, 29 Fed. Rep. 91.

## (e) BAD FAITH OF APPELLEES.

It has been noted that the normal position of the parties plaintiff and defendant has been reversed by reason of the fact that the infringers have employed the age-old device of striking first—in this instance by asking for declaratory relief. By assuming the role of an “injured party” Dollcraft Company and its officers Hinz and Kerr have sought to mask a planned effort to destroy valuable trade-mark rights of Nancy Ann Storybook Dolls, Inc., on a distorted theory which, if given effect, will destroy the trade-mark rights of hundreds of manufacturers of dolls and other products.

The position which appellees have taken has been a sham and a pretense, from the start.

In the first place, appellees have charged bad faith on the part of Nancy Ann Storybook Dolls, Inc. in securing its trade-marks and in charging infringement thereof. Yet the validity of the Nancy Ann registrations *was not* involved in the opposition proceedings and hence *could not be* impaired by the Examiner’s volunteered comment.

“This Court should not be confused or misled by the numerous trade-mark opposition proceedings in the Patent Office involving defendant herein and cited to this Court by defendant’s counsel during the oral argument. In no instance was the *validity* of any of defendant’s trade-marks passed upon by the Patent Office in any of said Patent Office proceedings. The Patent Office *does not have jurisdiction to determine the validity of an opposer’s trade-mark* in

an opposition proceeding. The only question involved so far as an opposer is concerned in an opposition proceeding is whether or not the opposer will be damaged if an applicant's trade-mark is registered." (Plaintiffs-Counterdefendants Opening Brief, pages 33 and 34.)

Secondly, while attacking the validity of the Nancy Ann Storybook Dolls, Inc. registration, appellees Kerr and Hinz (copartners in Kerr & Hinz Doll Company, and together controlling the Dollcraft Co. and directing its policies) have sought and secured registration of the term "Peg O' My Heart", for dolls and doll clothes, Registration No. 519,641, dated January 10, 1950, a copy of which was filed with the trial Court.

The well known name "Peg O' My Heart" is comparable in all respects to the names registered by Nancy Ann Storybook Dolls, Inc. and its predecessors; and by numerous other registrants as indicated by the annexed copies of trade-mark registrations. In making application for that registration, filed January 17, 1948, both Hinz and Kerr took the position, without question that they were entitled under the law to claim the right to register "Peg O' My Heart", the name of a character renowned in song and story, as a technical trade-mark for dolls and doll clothes. They sought, were granted, and accepted a Federal registration of that trade-mark. The doctrine is well established in law that knowledge of an agent is knowledge of a principal and therefore the knowledge of the use of this mark and the claim

of unqualified ownership of the mark as a technical trade-mark for dolls and doll clothes is chargeable to the corporation, Dollcraft Co., in view of the relationship of Kerr and Hinz to that corporation.

It is apparent that these people are now seeking to do a complete "about face" for obvious reasons in this suit, and have claimed in loud and vehement tones that a name such as this cannot function as a trade-mark. Equity frowns upon such tactics and the whole fabric of the defense becomes clear for what it is, a shabby attempt to invalidate the valued trade-marks of a successful competitor in order that the appellants may enrich themselves unjustly, when at the very same time they have followed the identical business policy of registering under the Federal law the same type of trade-mark for dolls and doll clothes. It is urged strongly that by reason of the act of Kerr and Hinz in claiming trade-mark rights in the name "Peg O' My Heart" for dolls and doll clothes and by reason of the securing of a Federal registration of this mark as a technical trade-mark, they and their company are completely estopped by such conduct to maintain now that the trade-marks of the appellant are not valid and infringed and that the Federal registrations for such marks were not granted properly.

(f) APPELLEES HAVE PLANNED AND PURSUED A DELIBERATE COURSE OF UNFAIR COMPETITION.

The record amply supports the charge of appellant that appellees have deliberately planned a course of unfair competition with Nancy Ann Storybook Dolls, Inc., for the double purpose of injuring Nancy Ann Storybook Dolls, Inc., and to unfairly benefit from the goodwill of the Nancy Ann organization.

Appellees have deliberately copied defendant's trade-marks; and have invaded the rights which defendant has acquired therein by long use in interstate and foreign commerce, and by registrations in the United States Patent Office. With countless names of fanciful and fictitious characters available for appropriation and use without conflict with others appellees chose to adopt a group of names and trade-marks which they well knew had been long previously adopted and registered by defendant counter-claimant.

Legal proof of the mental attitude of any of the officers and directors of appellee Dollcraft Co., is of course substantially impossible. The facts and circumstances of the case point with certainty to a planned program of sabotage, and unlawful appropriation of the rights of the Nancy Ann organization. Why else would Kerr and Hinz, both disgruntled at the termination of their relationships with the Nancy Ann organization, and probably instigated by their salesman Patterson (also a disgruntled ex-salesman for Nancy Ann), take control of a small firm (Dollcraft partnership) which had previously



been operating in good faith and in fair competition with the Nancy Ann organization, and by progressive steps advance into fields long previously duly and legally appropriated by Nancy Ann. Actions speak louder than words; and the Court may very properly draw an inference of intent from the planned and deliberate copying of Nancy Ann trademarks which is so clearly shown by the record.

Dollcraft Co., the partnership (comprising Mr. & Mrs. Juster and Mrs. Juster's brother, Richard Mollison) began selling a line of dolls dressed in short dresses, and identified by marks in no way conflicting with those of Nancy Ann. Later, obviously at the urging of Patterson, a line of "Who Am I?" dolls were put out. Neither the dolls, the boxes in which the dolls were packed, or the leaflets listing the line of dolls, included the name of any of the dolls of their group. Assuming that they were intended to represent various characters selected from the nursery rhymes, it is obvious that their identity, in at least the majority of instances, could not be determined from mere inspection of the doll. The application of specific marks to the various dolls followed. Whether it was upon demand of the dealers for the convenience of their clerks, or for the convenience of their customers, or if it was Patterson's idea of stimulating sales, is not here important. On the stand, Mr. Juster testified that the dolls could be identified by their costumes alone; but he was unable to identify the Nancy Ann dolls by mere inspection.

The fact is that after the corporation had been formed under the control of Mr. Hinz and Mr. Kerr, the policy of applying to each doll box an identifying mark was adopted. Some of the marks so applied were not objectionable to Nancy Ann, as for example "Alice in Wonderland", "Hansel" and "Gretel". Others, including Red Riding Hood, Little Miss Muffet, Little Bo-Peep, Mistress Mary, and Little Miss Donnett were in direct conflict with marks previously adopted and used by Nancy Ann. Mr. Hinz, Mr. Kerr, Mr. Patterson, and Mr. and Mrs. Juster knew of Nancy Ann's previous use and registration of these marks. Obviously the plan was to trade on the good will of the Nancy Ann organization. That it accomplished the desired result is evidenced by the fact that within a few months, Dollcraft came "all out" with a "Fairylard Series" (Nancy Ann Reg. 438,495) including:

Red Riding Hood	Nancy Ann Reg. No. 420,077
Little Miss Muffett	" " Reg. No. 432,208
Little Bo-Peep	" " Reg. No. 395,454
Mistress Mary	" " Reg. No. 404,576
Little Miss Donnett	" " Reg. No. 404,586
Curly Locks	" " Reg. No. 404,581
Goldilocks	" " Reg. No. 395,451
Sugar and Spice	" " Reg. No. 403,240

To top it all, the whole group comes out as "Dolls with a Story" advertised as "Collector's Real Bisque—Dolls with a Story". (Exhibit 29.)

"Dolls With a Story"!! The connotation and mental image is *identical* with "Storybook"; and

could only have been appropriated with a deliberate intent to infringe the rights of Nancy Ann!

Nancy Ann Abbott founded a thriving business based on the theory that little girls would welcome a family of little miniature dolls depicting favorite characters from fairyland, storyland, Mother Goose land and other realms of fancy and fiction.

Against the warnings of others, Nancy Ann Abbott proved to the world that little girls (many grown up) would welcome a private little realm of fantasy in which they could reign supreme among their chosen subjects. On that ideology, Nancy Ann has established and built up a thriving business.

Because it was known to be a profitable business by Hinz, who supplied bodies by hundreds of thousands, and by Kerr who shipped out dressed dolls throughout the country by hundreds of thousands, and by Patterson who sold Nancy Ann dolls by the hundreds of thousands, each of these men had every impulse to use experience gained with the Nancy Ann organization to establish a competing business. Also because each was disgruntled, there was an urge to sabotage the trade-mark rights of Nancy Ann for their personal unjust enrichment—to reap where they had not sown \* \* \*. That urge is believed to have impelled the deliberate copying of Nancy Ann trade-marks.

The deliberate nature of the attempted raid seems obvious. The first notice of infringement to Dollcraft was dated October 29, 1949. The present action

was filed November 4, 1949. Obviously, notice of infringement was designedly provoked; and a bill of complaint for a declaratory judgment was ready and waiting for receipt of the anticipated notice.

The law is clear that under the circumstances of this case, the deliberate invasion of the rights of appellant by appellees should be restrained, regardless of whether the trade-marks here involved were registered or not.

“The protection of trade-marks is the law’s recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.” *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U. S. 203, 205, 62 S. Ct. 1022, 86 L. Ed. 1381 (1942).

The manner in which appellants, with knowledge of the Nancy Ann Storybook Dolls, Inc. registrations, deliberately copied marks long previously used

and registered by Nancy Ann is a material element in the case.

“A paramount consideration in determining this equitable question is Dunnell’s appropriation in 1933 of these words and using them in block capital letters, with full knowledge that they then were so used on Stores’ 320 Stores in Los Angeles, where Dunnell started his toilet seat cover business—a fact he at first denied and then admitted. Dunnell, with his eyes open, thus chose to seek the benefit of Stores’ vast expenditures for advertising on the chance that it might prove enjoined.” *Safeway Stores, Inc. v. Dunnell*, 80 U.S.P.Q., 115 at 120.

The law has been very clearly announced in recent decisions of the Courts of the Ninth Circuit. For example, the broad principles of trade-mark and unfair competition is aptly stated in *Brooks Bros. v. Brooks Clothing of California, Ltd.*, 65 U.S.P.Q. 301 at 308, wherein the Court says:

“A trade mark is merely a method used by a person to designate his goods. It cannot exist independent of a business. It depends on adoption and use, and not on originality or invention. Whatever may have been the rule in the past, the 1905 Trade Mark Registration Act allows the registration of proper names or words which, prior to its adoption, could not have been made the subject of a trade mark. It thus confers substantial rights on registrants under it. Among the most important of these is ‘to prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product

as his.' And this extends 'to the user of a mark which has acquired secondary meaning.' Consequently, the courts, in both trade mark and unfair competition cases, have held that where the dominant portion of a trade mark, trade name or business has become identified in the mind of the public with the first user, he will be protected in the use of the name, even against a newcomer having the same surname."

More recently this Court of Appeals for the Ninth Circuit has expressed the law in terms aptly applicable to the facts of this case, as follows:

"TRADE NAMES AND TRADE MARKS  
STAND ON A SIMILAR FOOTING.

"In California and elsewhere, a firmly established trade name receives the same protection from the law as a trade mark. In the recent case of *Eastern Columbia, Inc. v. Waldman*, 30 A.C. 269, 272-273 (74 U.S.P.Q. 114, 115), the Supreme Court of California said:

"It is asserted by the defendant that an absolute injunction will not be granted for the infringement of the right to use a word in what is called a "secondary meaning" as distinguished from a technical trade mark. Where words have acquired, as is established beyond dispute in this case, a fanciful meaning—a meaning that has no connection with their common meaning, it may be more properly said that such meaning is their primary meaning insofar as their use in business is concerned. Their common meaning has dropped into the background. Otherwise no right to

use them to the exclusion of others would have been acquired. When, however, words have acquired such a sense and are the subject of the good will and reputation of a business which they designate, there is little if anything left to distinguish them from a trademark, a symbol, characters or words which have no common meaning and which are artificial, insofar as the scope of protection afforded to the one who has the prior right.'

“ ‘An absolute injunction is proper where the defendant’s conduct is unlawful. (Authority Cited.) The protection afforded trade names which have acquired the status here reached is treated in the same category as trade marks, where it is not necessary that the competitor use the words to describe his product. (Many cases cited.)’ (Emphasis supplied.)” *Stork Restaurant Inc. v. Sahati*, 76 U.S.P.Q., 374 at 376-7.

#### “TRADE NAME GIVES RISE TO A PROPERTY RIGHT.

“Ownership of a trade name is a property right. It is made so by statute in California. Sections 14400, 14401 and 14402 of the Business and Professions Code (Deering, 1944) read as follows:

“ ‘§14400. Ownership. Any person who has first adopted and used a trade name, whether within or beyond the limits of this State, is its original owner.’

“ ‘14401. Transferability. Protection accorded. Any trade name may be transferred in the same manner as personal property in

connection with the good will of the business in which it is used or the part thereof to which it is appurtenant, and the owner is entitled to the same protection by suits at law or in equity.'

“‘14402. Remedy for violation of rights. Any court of competent jurisdiction may restrain, by injunction, any use of trade names in violation of the rights defined in this chapter.’

“In *Eastern Columbia, Inc. v. Waldman*, supra, 30 A. C. at pages 270 and 271 (74 U.S. P. Q., 114, 115), the state Supreme Court recited that ‘plaintiff has used the trade name “Eastern Columbia” and acquired property rights and good will therein,’ and that ‘The findings establish that the plaintiff owns the trade name of “Eastern Columbia”.’

“The California rule accords with general laws. In *Siegel Co. v. Federal Trade Commission*, 327 U. S. 608, 612 (69 U.S.P.Q., 1, 3), Mr. Justice Douglas referred to trade names as ‘valuable business assets’ and adverted to ‘the policy of the law to protect them as assets of a business,’ citing *Federal Trade Commission v. Royal Milling Co.*, 288 U. S. 212, 217.’” *Stork Restaurant, Inc. v. Sahati*, 76 U.S.P.Q., 274 at 377.

“THE LAW OF UNFAIR COMPETITION IS  
BROADER THAN THE LAW OF  
TRADE MARKS.

“The appellant, however, does not bottom its complaint solely upon the appellees’ alleged vio-



lation of its property right in the trade name 'The Stork Club'. It also alleges that the appellees have been guilty of unfair competition by using the 'confusingly similar' name, 'Stork Club,' and related insigne of a stork standing on one leg and wearing a high hat.

"Before attempting to evaluate this phase of the appellant's case, it will be well to bear in mind that the reach of the law of unfair competition is greater than that of the law of trade marks.

"In *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 412-413, the court said:

" 'Courts afford redress or relief upon the ground that a party has a valuable interest in the good-will of his trade or business, and in the trade marks adopted to maintain and extend it. The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another.' (Cases cited.)

" 'This essential element is the same in trade mark cases as in cases of unfair competition unaccompanied with trade mark infringement. In fact, the common-law of trade marks is but a part of the broader law of unfair competition.' (Cases cited.)

" 'Common-law trade marks, and the right to their exclusive use, are of course to be classed among property rights, *Trade Mark Cases*, 100 U. S. 82, 92, 93; but only in the sense that a man's right to the continued enjoyment of his trade reputation and the good-will that flows from it, free from unwarranted interference by others, is a property right, for

the protection of which a trade mark is an instrumentality. As was said in the same case (page 94), the right grows out of use, not mere adoption.'

"The principle was recognized by this court in *Phillips v. The Governor & Co., etc.* (C.C.A. 9), 79 F. 2d 971, 974 (27 U.S.P.Q., 229, 232)." *Stork Restaurant, Inc. v. Sahati*, 76 U.S.P.Q., 374 at 376.

"REAPING WHERE ONE HAS  
NOT SOWN.

"The decisions frequently refer to this sort of imitation as 'reaping where one has not sown' or as 'riding the coattails' if a senior appropriator of a trade name.

"By whatever name it is called, equity frowns upon such business methods, and in proper cases will grant an injunction to the rightful user of the trade name.

"In *Aetna Casualty & Surety Co. v. Aetna Auto Finance, Inc.* (C.C.A. 5), 123 F. 2d 582, 584 (51 U.S.P.Q. 435, 437-438), certiorari denied, 315 U.S. 824 (52 U.S.P.Q. 644), the court used the following language:

" 'This purpose is to project itself into that business arena panoplied in a name already favorably known, rather than to come into it on its own merits, and slowly building, here a little, there a little, establish its own place. \* \* \* (Many cases cited)'

" 'These cases all hold that where as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one

has not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.'

"In *Cleo Syrup Corporation v. Coca-Cola Co.* (C.C.A. 8), 139 F. 2d 416, 417 (60 U.S.P.Q. 98, 100), certiorari denied, 321 U.S. 781-782 (60 U.S.P.Q. 578), the court declared that 'There is no merit in the contention that a court of equity will not afford protection to the plaintiff's trademark or prevent its good will from being nibbled away by unfair competitors'."

*Stork Restaurant, Inc. v. Sahati*, 76 U.S.P.Q. 374 at 380-81.

In the present case, appellees had countless names of fanciful and fictional characters which they could have adopted and registered, just as Kerr & Hinz adopted and registered "Peg O' My Heart". There can be no reason other than a wish to injure the Nancy Ann organization and to benefit from its good will when it adopted and began using not just one but a number of the Nancy Ann trade-marks. On that point the Court has said:

"A vast field of words, phrases and symbols is open to one who wishes to select a trade mark to distinguish his product from that of another. Unquestionably in our ever-increasing complex business life, the trend of modern judicial decisions in trade mark matters is to show little patience with the newcomer who in adopting a mark gets into the border line zone between an open field and one legally appropriated to another. As be-

tween a newcomer and one who by honest dealing has won favor with the public, doubts are always resolved against the former.”

*Skelly Oil Co. v. The Powerine Co.* (32 U.S. P.Q. at 54).

Appellants have argued that the Nancy Ann organization has not used its registered marks in a trade-mark sense because in some cases the marks apply to only one type of doll, and because in some cases there have been applied two or more trade-marks to a single product.

The argument is without merit because it is fundamental that different marks may be used upon different products of the same manufacturer; and that a plurality of marks may be used upon the same product.

“Are the words King, Queen and Duke trade marks? I do not think they are in the sense that it prohibits their use as trademarks, and I think that a person may properly, legally apply more than one trade-mark to a given commodity.”

*Brunswick, Balke, Collender v. National*, 43 U.S.P.Q. 10.

“The fact that a manufacturer may employ a number of different names to designate different products does not destroy the trading value of such names where the primary purpose of each is to indicate origin and not quality. *Capewell Horse Nail Co. v. Mooney*, 167 F. 575; *John Rutgers Planten v. Canton Pharmacy Co.*, 143 O.G. 1113; *Layton Pure Food Co. v. Church and*

Dwight Co., 182 F. 24; Dixie Cotton Felt Mattress Co. et al v. Stearns & Foster Co., 185 F. 431.”

*Simonize Co. v. Hollingshead*, 20 U.S.P.Q. 327.

Appellees have claimed that appellant has competed unfairly by sending out notice of infringement to a few of Dollcraft Company customers. The charge is absurd. Notice was served only with respect to trade-marks actually owned and registered by the Nancy Ann organization. Such notice is *obligatory*, not only to protect the trade-mark rights of the trade-mark owner, but to obviate the accumulation of damages against an infringer. Such notice is a *legal duty*, not an unfair practice.

In bringing the present action for a declaratory judgment, appellees have ignored the plain and simple remedy provided by the trade-mark statutes for cancellation of the registrations here involved. The Act of February 20, 1905 is as follows:

“Sec. 13. U.S.C., title 15, sec. 93. That whenever any person shall deem himself injured by the registration of a trade-mark in the Patent Office he may at any time apply to the Commissioner of Patents to cancel the registration thereof. The commissioner shall refer such application to the examiner in charge of interferences, who is empowered to hear and determine this question and who shall give notice thereof to the registrant. If it appear after a hearing before the examiner that the registrant was not entitled to the use of the mark at the date of his application for registration thereof, or that the mark

is not used by the registrant, or has been abandoned, and the examiner shall so decide, the commissioner shall cancel the registration. Appeal may be taken to the commissioner in person from the decision of the examiner of interferences.”

Mr. Hinz, Mr. Kerr and Mr. Juster, all officers and/or directors of Dollcraft Company obviously had knowledge of the trade-marks owned and long used by the Nancy Ann organization. If in good faith they had deemed themselves injured by the registrations here involved, or any of them, the appropriate remedy was to file a petition for cancellation of the offending marks. In that way, the governmental agency authorized by statute to act in such situations would be called upon to review the facts and take such action under the statute as it might then deem proper.

Instead, the appellees have proceeded with use of the Nancy Ann trade-marks without regard to the Nancy Ann rights. Now, in the guise of a party injured by the Nancy Ann charge of infringement, Dollcraft has asked the Court to intercede in its behalf, and save it from the penalties of its infringement. Failure to have asked cancellation of any trade-mark registration of the Nancy Ann organization leaves Dollcraft in the position of one asking the Court to assume the duties delegated by Congress to the Patent Office. Be that as it may, the crux of this case is that Nancy Ann Storybook Dolls, Inc., is asking this Court to grant relief from a willful pirating of its trade-marks and good will.

**CONCLUSION.**

The technicalities of trade-mark law, and the fairly close distinctions which have cropped up in this case, give an impression of complexity. However, the issues are really few and simple. It is submitted that the following conclusions are inevitable:

1. The Nancy Ann trade-marks are valid; and the registrations here involved were duly and validly issued by the Patent Office.

2. Those registered trade-marks have been infringed by appellees.

3. Regardless of the trade-mark registrations, appellees have competed unfairly with appellant by applying to its products the various marks here involved, with knowledge that appellant had for many years been using the marks so extensively as to have established a secondary meaning for each mark as indicating a product of the Nancy Ann organization.

4. That this case should be remanded to the trial Court with instructions to enter a judgment of validity and infringement with respect to each of the trade-marks in suit, and for such further action as may be deemed proper, including injunctive relief and an award of costs.

Dated, San Francisco, California,  
October 17, 1951.

Respectfully submitted,

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